

## Message Text

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46

ACTION IO-14

INFO OCT-01 CIAE-00 CU-04 INR-10 NSAE-00 RSC-01 USIA-15

AF-10 ARA-16 EA-11 EUR-25 NEA-14 ISO-00 OMB-01 TRSE-00

EB-11 OIC-04 ABF-01 L-03 PRS-01 PA-04 DRC-01 /147 W

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R 280930Z MAY 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9440

INFO USMISSION GENEVA

UNCLAS PARIS 12700

NESCO

E.O.11652: N/A

TAGS: AORG, OCON, UNESCO

SUBJECT: 94 EXBD: ITEM 5.1: UNESCO GENEVA GROUP VIEWS ON

L8 C/5 BUDGET AND SOVIET ARREARAGES ISSUE

REF: A. STATE 109912

B. PARIS 12260

1. GENEVA GROUP MET MAY 27 UNDER CHAIRMANSHIP OF PERMREP  
ACCOMPANIED BY BOARD MEMBER SULLIVAN AND IO/UNESCO  
DIRECTOR LIPPE FOR DISCUSSION SUBJECT ISSUES.

2. ALL GG MEMBERS WHO SPOKE INDICATED THEIR GOVERNMENTS  
VIEWS ON PROPOSED BIENNIUM BUDGET OF \$L55 MILLION  
REPRESENTED ONLY VERY PRELIMINARY ASSESSMENTS. NONE WHO  
SPOKE HAVE YET HAD INSTRUCTIONS ON NEW FACTOR OF APPROX  
\$15 MILLION INCREASE IN PROPOSED BIENNIUM BUDGET WHICH  
DG, IN MAY 25 PRESENTATION, SAID WOULD BE ENTAILED IF  
CURRENT RATES OF DOLLAR EXCHANGE AND INFLATION CONTINUE.  
AS REPORTED SEPTTEL, DG SAID DECLINE OF DOLLAR FROM  
5.10 FF IN FEBRUARY WHEN BUDGET CALCULATED TO 4.85 NOW,  
WOULD REQUIRE ADDITIONAL \$7.1 MILLION, WHILE INCREASE  
IN INFLATIONARY RATE FROM 8 PERCENT TO L2 PERCENT AT  
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PRESENT, ENTAILED \$7.9 MILLION INCREASE OVER 1975-76

BIENNIIUM.

3. PENDING INSTRUCTIONS ON ABOVE INCREASE, UK, FRG AND JAPANESE MEMBERS TOLD GG THAT THEIR GOVERNMENTS HAD TENTATIVELY ACCEPTED \$155 MILLION PROPOSED BUDGET AND ITS BASIS OF 5.9 PERCENT PROGRAM GROWTH RATE, WHICH IS 2.1 PERCENT LESS THAN AUTHORIZED BY 17 GEN CONF. MARTEN (UK) MENTIONED DESIRE TO AVOID EMBARRASSMENT OF NEW DG (M'BOW) WAS IMPORTANT FACTOR IN UK CONSIDERATIONS OF PROPOSED BUDGET. IKEBE (JAPAN) NOTED TOKYO NEVERTHELESS SENSITIVE TO INCREASE IN ITS ASSESSMENT THIS YEAR WHICH HE SAID WILL MAKE GOJ THIRD LARGEST CONTRIBUTOR.

4. BY CONTRAST, FRENCH AND SWISS REPS INDICATED THEIR GOVERNMENTS INCLINED TO AUSTERITY STANCE. FRENCH DEPUTY PERMREP (CHESNEAU) STRESSED FINAL GOF POSITION MUST AWAIT DECISION OF NEW GOVERNMENT BUT THAT OFFICIAL THINKING FOR MOMENT IS TO ACCEPT MAXIMUM OF 10 PERCENT INFLATIONARY INCREASE AND OPPOSE ANY REAL GROWTH RATE. SWISS PERMREP (HUMMEL) SAID THEY ALSO ADVOCATED ZERO GROWTH RATE ALTHOUGH INCREASES DUE DECLINING EXCHANGE AND INCREASING INFLATION WOULD BE ACCEPTABLE.

5. BELGIAN PERMREP (VAN USSEL) CONFINED REMARKS TO NEED TO EXAMINE BUDGET CLOSELY FOR POSSIBLE PROGRAM CUTS.

6. NEITHER CANADIAN NOR ITALIAN REPS HAD YET RECEIVED INSTRUCTIONS BUT LATTER OBSERVED GOI AUSTERITY ORIENTATION LIKELY TO BE APPARENT WHEN INSTRUCTIONS FORMULATED.

7. US POSITION AS CONTAINED REFTEL A WAS PRESENTED BY PERMREP AND LIPPE WHO STRESSED SERIOUSNESS OF US CONCERNS WITH BUDGETARY ISSUE.

8. CONSENSUS OF GG WAS THAT INTENSIVE EXAMINATION OF BUDGET IS IN ORDER, AS WELL AS CONSULTATION OF KEY LDC MEMBERS OF EXBD. NEXT MEETING SCHEDULED FOR MAY 29.

9. RE SOVIET ARREARAGES ISSUE, FOLLOWING LIPPE PRESENTATION STRESSING US HOPE FOR SUPPORT IN EFFORT UNCLASSIFIED

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OBTAIN EQUITABLE TREATMENT, PERMREP INVITED COMMENTS FROM GG. UK REP REPEATED VIEWS CONTAINED IN LETTER SENT PERMDEL AND REPORTED REFTEL B.

10. CANADIAN, BELGIAN AND JAPANESE REPS EXPRESSED INITIAL REACTIONS THEIR GOVERNMENTS WHICH CORRESPONDED CLOSELY WITH UK VIEW THAT ALTHOUGH US JUSTIFIABLY SOUGHT EQUITY, IT WAS FELT AMERICAN DR WOULD NOT OBTAIN

GENERAL CONFERENCE APPROVAL AND WOULD PROMPT BITTER BUT  
UNPRODUCTIVE CONFRONTATION WITH SOVIETS.  
STONE

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